

## The complaint

Mrs and Mr F are unhappy that Lloyds Bank PLC, has decided not to refund them, after they say they were victims of a scam.

Mrs and Mr F are bringing their complaint using a professional representative. I'll refer to them as D.

## What happened

Whilst the payment subject to this scam claim debited Mrs and Mr F's joint account, it is Mr F who entered into the agreement, so I'll refer to him only, throughout the complaint.

Mr F has said that he initially responded to an email from a company called K and then was contacted by a representative (S) of E.

E claimed to be involved in the production of medicinal cannabis and was expecting high returns, due to the expected legalisation of cannabis in the UK.

Mr F was offered ordinary shares in E, at £1 each with HMRC Enterprise Investment Scheme tax benefits. He understood the shares would be listed on the London Stock Exchange, within three to five years, and expected to generate significant capital gain. Mr F made a £5,000 payment in January 2020 from his joint Lloyds bank account. He completed an application form and received bond certificates. Mr F said that he checked Companies House and would have also made some other online searches and checks, at the time, before deciding to become a shareholder in E.

Mr F made other payments to E from a bank account held elsewhere – these are the subject of a different complaint.

Mr F says in 2022 share prices collapsed and the shares in E were suspended. In 2023 he heard that the Police were investigating E among other companies.

Mr F raised a scam claim with Lloyds. In November 2024 and February 2025, it issued letters saying it had placed Mr F's scam claim and complaint on hold. It said there was an on-going police investigation and under the provisions of the CRM code, it was awaiting the outcome of that investigation before making a decision under the code. It provided referral rights to our service.

One of our investigators looked into things. She said she hadn't seen any evidence to suggest that a scam had taken place. She thought the evidence demonstrated Mr F entered into an agreement with a genuine company which had now potentially run into financial difficulty and that is why his investment was not successful.

She added, that whilst E showed on Companies House as having an active proposal to strike off, that didn't indicate whether E was operating as a scam or not, at the time Mr F made his payment. She explained, that is the test, for his claim to be considered under the

CRM code. She acknowledged that Mr F may not have got what he paid for but this also didn't mean he'd been the victim of a scam.

The investigator also went on to say; outside of the CRM code she didn't think Mr F's losses could have been prevented. She didn't think, that even if the bank had intervened, it would have made a difference. E appeared to be a legitimate company at the time Mr F invested. And she didn't think Mr F's age alone made him vulnerable.

She added that all parties were aware of an on-going police investigation. And said that, its possible further information, may come to light at a later date, that may indicate E was operating as a scam. If that was the case, Mr F should contact his bank again.

D didn't accept the investigators findings. It said Mr F's shareholding with E had not been registered. It provided an update from the Police, which explained they were continuing to look into what was an "exceedingly complex investigation". D provided news articles, which referenced E as operating a scam and established that it was linked to two previous scams. The investigator reviewed the additional points raised by D. She added that D had provided a copy of shareholders for E and claimed the Mr F was not listed as one. But she carried out her own search and found that he was a listed shareholder (showing on October 2021 and April 2022 - confirmation of statement for E). She said the news articles and social media posts indicated that other investors may not have received what they paid for but this wasn't evidence of E operating a scam at the time Mr F made his payment. She acknowledged the on-going police investigation and that further information may come to light at a later date but at present there was no evidence of a scam.

As D and Mr F did not accept the findings the complaint has been passed to me to consider.

I issued my provisional decision, which I've included below.

#### *My provisional findings*

*It isn't in dispute that Mr F authorised the payment in question. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that he's liable for the transactions. But he says that he has been the victim of an authorised push payment (APP) scam.*

*Lloyds has signed up to the voluntary CRM Code, which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). However, they have effectively sought to rely on provision R3(1)(c) of the CRM Code that allows them to wait for the outcome of an investigation by a statutory body before making a decision. I have therefore firstly considered if it is fair for them to rely on this provision in the circumstances.*

*Ultimately, Lloyds has one of three options available to them. They can either accept a scam has occurred and reimburse Mr F under the Code, they can decide that no scam has occurred and therefore not reimburse Mr F, or they can decide to await the outcome of an investigation.*

*As set out above, Lloyds has decided to await the outcome of an investigation by the police, and the Code allows them to do so where the outcome of that investigation might inform their decision.*

*From what I have seen so far, I am not satisfied the evidence available to me indicates a scam has occurred in the circumstances. I have reviewed the documents Mr F sent in which include letters from E, as well as information sent in from the receiving bank.*

*The documentation Mr F received from E appears to be professional, and he received both share and bond certificates, for the payment he made with them. Ultimately, the documents provided to me do not indicate that E was orchestrating a scam investment in order to induce payments from investors with no intention to use the funds as intended. The letters are largely acknowledgements of receipt of funds, with some updates to investors. One update is from May 2022 and concerns the listing of E, and includes their international stock identifier. I have seen nothing to discredit this or suggest this is false information.*

*Mr F has also referenced an article about E suggesting it is a 'boiler room scam'. I have reviewed this, but I do not think this is enough for me to be satisfied E was acting as a scam operation. This suggests S was raising funds for EP which they were not regulated to do, but this does not in itself indicate that E was operating a scam. And I would not generally accept an article alone as proof of a scam with no other relevant evidence to support the claims.*

*I have also reviewed information provided by the receiving bank account provider. I cannot go into detail about what these documents contain due to data protection issues. However, these do not clearly indicate a scam has occurred, or that the funds have not been used as intended. There is not the typical payment pattern I would expect to see in an investment scam complaint and some of the activity appears to be genuine. So, based on the evidence currently available to me, I cannot safely conclude that Mr F has been the victim of a scam at this time.*

*Lloyds has chosen to rely on provision R3(1)(c) of the CRM Code and await the outcome of the investigation by the police. Because nothing I have seen on file clearly indicates to me that Mr F has been the victim of an APP scam, I think it is fair for Lloyds to do so.*

*D has provided a Police update regarding E dated May 2024. We have since been provided with a further update in June 2025. The content of the email doesn't change anything, it reiterates the position, that the matter is still being investigated. It continues to say this is an exceedingly complex investigation. I do appreciate that E is currently under investigation by the police, and that S is a person of interest in that investigation. I also recognise that this is a complex issue and that there are a number of other enterprise investment schemes that are being looked into. And, as already explained by the investigator, it is possible that further evidence may come to light at a later date, which may indicate EP was operating a scam. Should such evidence come to light, then Mr F can complain to Lloyds again, and refer the matter to this office, should he not be happy with the outcome.*

*Lloyds may have needed to intervene in the payments if they reasonably had concerns Mr F may have been at risk of financial harm. Whilst the payment made to E was high value there are a number of other similar or higher in value payments and transfers on the account prior to these. It is therefore arguable that while these were high value payments, they may not have looked unusual when compared with Mr F's genuine account activity.*

*If I were to agree that Lloyds should have intervened in some of these payments, it is difficult for me to agree that a conversation would have led to Mr F stopping all future payments to E. As I have explained above, the information I have seen so far does not clearly indicate Mr F has been the victim of a scam in relation to E and while I accept S was not registered with the FCA, this alone does not indicate E was operating as a scam. Particularly given that, at the time, E appeared to be a genuine business and so investing in E would not have necessarily raised any red flags for Lloyds or led to any more detailed questions being asked.*

### **My provisional decision**

*I'm not currently minded to uphold this complaint. I think Lloyds position to delay giving an outcome under the CRM code, at present, is a fair one. Therefore, I'm not recommending that Lloyds reimburse Mr F's losses at this time*

Lloyds didn't respond to my provisional decision by the deadline set. Mrs and Mr F's representative – D did. In summary it said:

- The key issue of whether E was operating as a scam remains unresolved due to an on-going police investigation. D therefore believes it isn't unreasonable to expect the Ombudsman to do the same.
- D argues that the rationale for not upholding the complaint is that Mr F was presented with plausible and professional documentation. It argues that this line of reasoning sets a precedent that victims of sophisticated fraud, who are specifically targeted because of how convincing a fraud appears are less likely to be protected.

As the complaint wasn't resolved by the provisional decision, I've considered the further points from D and set out my response to those, in my final decision.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

My provisional finding was that Lloyds is reasonably entitled to delay giving its outcome under the CRM code because of the on-going investigation, however I was satisfied that there currently wasn't enough evidence to conclude Mrs and Ms F had been the victims of an APP scam.

I think D has misunderstood the operation of the CRM Code. The ombudsman service is not subject to the Code nor does the service enforce the Code. It's my role to decide if Lloyds has fairly considered the Code and applied its principles (where applicable) in the complaint raised. Here, I concluded Lloyds acted fairly, in deciding to delay giving an outcome under the Code.

I also went on to make a finding about the evidence that was currently available, regarding E. This doesn't prevent Mr and Mrs F raising a new complaint with the bank should new or material evidence come to light.

And on D's second point. Banks can't be expected to stop every fraud that happens. It's my decision that in these circumstances it wouldn't have been reasonable for Lloyds to have prevented Mrs and Mr F's losses here. D hasn't engaged with the reasons set out in my provision decision on this particular point. But there are some scams that are so sophisticated that they aren't unravelled until much later.

When applying the relevant rules and regulations in place, at the time Mrs and Ms F made these payments, I wasn't persuaded either Mr F or the bank, would have exposed a scam had taken place here, especially as I'm satisfied there still isn't enough evidence that's case. And so, in this instance, Lloyds isn't liable to refund Mr and Mrs F.

Overall, I'm not persuaded by the arguments raised by D. I have dealt with those above, but I also adopt the findings in my provisional decision which set out in full why Lloyds does not need to refund Mrs and Mr F's losses here.

## **My final decision**

I'm not persuaded to change the finding from those set out in my provisional decision which I adopt here in the findings of my final decision. I don't uphold this complaint. I think Lloyds' position to delay giving an outcome under the CRM code, at present, is a fair one. Therefore, I'm not recommending that Lloyds reimburse Mr F's losses at this time.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F and Mr F to accept or reject my decision before 5 November 2025.

Sophia Smith  
**Ombudsman**